

**Testimony Concerning
Bill No. 5088 AN ACT CONCERNING SELF STORAGE FACILITY LIENS
General Law Committee
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Testimony By
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On behalf of the Connecticut Self Storage Association members and on behalf of the industry as a whole, I submit the following testimony in **support of Bill No. 5088** with one modification.

About Self Storage and Tenants

- Self storage space is the rental of space or real estate.
- Tenants lease space much as they would rent an apartment, a house, an office, etc., with the terms of their rental specified in a rental agreement.
- The lien law applies only to those tenants who become delinquent on their rent. This is a small percentage of consumers.
- Those consumers who default are the people who have fallen on hard times – loss of employment, death of family member, divorce, etc.
- The consumers who default can least afford the additional costs incurred during the lien process.

About the Current Lien Law

The current lien law has mailing and advertising requirements that are no longer effective in our ever-changing world of electronic communication. It was written at a time when most people subscribed to the local newspaper and their primary means of communication was via traditional mail sent through the United States Postal Service.

- The purpose of the advertising requirement was to maximize the number of bidders at a lien sale. It follows that if you have competing bids at an auction, the price for the goods increases resulting in a better chance of the sale price covering the cost of the delinquent rent and cost of conducting the lien sale.
- With newspaper readership down to 17 percent or less, the advertising requirement no longer drives bidders to the lien sales. The result is either lower bids or no bids at all.
- The delinquent consumer benefits from a strong bidding process as any money collected in excess of their debt is returned to them.
- The high cost of newspaper advertising adversely affects the delinquent consumer as these charges are part of their over-all debt.
- The registered or return receipt mail requirement increases the cost of mailing, a cost that also becomes part of the consumer's debt but also important to note is that this type of communication is also ineffective.

- We estimate that more than 60% of certified mail is returned. Either the tenant has moved or they have refused to sign for the letter. The consumer suffers because they don't have the information they need to stop the lien process. The self storage owner is then required to send another expensive certified letter with the same expensive, ineffective result.

Proposed Changes to the Lien Law

- Bill No. 5088 changes to the advertising requirement will allow self storage facilities to maximize the number of bidders at a lien sale without the higher costs of newspaper advertising. The result will be lower debt for the delinquent consumer because the costs of advertising the sale are lower and a higher sale price which could result in their debt being settled with a net gain to them for their goods.
- The bill also allows for more flexibility in notifying the delinquent consumer of the impending lien sale. Our recommended change to Bill No. 5088 to allow mailing by verified first class mail would allow facilities to mail to the last known address of the tenant as before with verification from the post office that they mailed their notices. We expect that many of these will still be returned but for those at the last known address, they will at least be in receipt of the information they need to stop the lien sale if they so wish.
- Bill No. 5088 also allows for e-mail notifications. We have found that while our tenants tend to be transient, they are less likely to change their e-mail address and are more likely to receive notices and even respond to them when contacted electronically.

Summary

Bill No. 5088 will improve the way the self storage industry services the consumer and reduce the financial responsibilities of those tenants who are already struggling to make ends meet. With the addition of "verified first class mail," more consumers will have the information they need to stop the sale of their goods if they so wish and their financial responsibilities will be greatly reduced without the additional burden of high advertising and mailing costs.

Please support Bill No. 5088 with the suggested modification. Thank you.

Respectfully,



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